新世界發展有限公司
New World Development Company Limited
(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

Annual Results Announcement 2019/2020

Consolidated Highlights:

- Underlying profit amounted to HK$6,588.9 million notwithstanding a very challenging operating environment due to social incidents in 1H FY2020 and COVID-19 in 2H FY2020
- FY2020 final dividend: HK$1.48 per share or full year HK$2.04 per share (the same as in FY2019 (after share consolidation)), maintain prevailing sustainable and progressive dividend policy
- Robust 19% year-on-year growth in revenues of property investment segment of the Group following the opening of K11 MUSEA and K11 ATELIER King's Road in FY2020 despite rental concessions granted to tenants
- High property development gross margin of 57% achieved in both Hong Kong and Mainland China, reflecting the strong brand equity of the Group
- Stringent cost control efforts evidenced by the 8% year-on-year decrease in recurring administrative and other operating expenses
- Non-core asset disposals amounted to approximately HK$10.6 billion in FY2020, exceeded target for the year
- Total capital resources amounted to HK$106.7 billion, including cash and bank balances of approximately HK$67.4 billion and undrawn facilities from banks of approximately HK$39.3 billion
- Net gearing ratio declined to 41.6% from 42.2% at end of December 2019

Business Review

Hong Kong Property Development

Last year, the COVID-19 outbreak overshadowed Hong Kong's economy which was already challenged on multiple fronts. Nevertheless, under such tough circumstances, the Hong Kong property development market benefited from the strong pent-up demand for local housing, the raise of mortgage cap under the mortgage insurance, quantitative easing in the U.S. and U.S. interest rate cut to near zero. Such factors, together with tight land supply in Hong Kong, expedited home buyers' pace of home purchase and facilitated the stable development of property market.

In FY2020, the Group's revenues and segment results of property development in Hong Kong, including joint development projects, amounted to HK$4,541.9 million and HK$2,592.1 million, respectively. The contributions were attributable to residential projects including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA and the Double Cove series.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to HK$13,162.6 million. The attributable contracted sales were contributed by residential projects including MOUNT PAVILIA, FLEUR PAVILIA, ATRIUM HOUSE and The Masterpiece.

The Group owns rare and superior saleable resources in the market. Its key major residential project involving more than 3,000 units at Tai Wai Station in Sha Tin, Hong Kong will be launched in phases in 2020 and 2021. Its first two phases, comprising a total of approximately 2,200 units, will be launched after the issue of pre-sale consent, of which the pre-sale consent for the 783 units of the project's first phase has been obtained, garnering extensive interests from the market. Furthermore, two Grade A office projects in West Kowloon with a total GFA of approximately 900,000 sq ft are also planned to be launched in 2020 and 2021. In addition, as at 30 June 2020, the Group had a total of 144 residential units available for sale in Hong Kong.

The Group has been actively reviewing its business and asset portfolios, and works to identify opportunities of non-core asset disposal to unlock values. During the year under review, the Group completed the disposal of non-core assets with total considerations over HK$10 billion, including two shopping malls located in Kowloon Bay and Tseung Kwan O respectively, 45% interest in a company that holds certain properties at Shun Tak Centre in Sheung Wan, and the Group's interest in serviced apartment EIGHT KWAI FONG in Happy Valley which was completed in 2015. Going forward, the Group will remain focused on developing its core business and optimise its businesses and assets through non-core disposal which can provide more resources for its core business continuously.

Major Non-core Asset Projects disposed of in FY2020	**Total Consideration (HK$ billion)**
Economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O	3.0
Changsha La Ville New World	2.4
A number of non-core assets and businesses, including the shares of Beijing Capital International Airport Company Limited and 60% interest in New World First Ferry Services Limited	1.1
EIGHT KWAI FONG, a serviced apartment in Happy Valley	1.2
45% interest in a company that holds certain properties in Shun Tak Centre, Sheung Wan	2.4

As at 30 June 2020, unrecognised attributable income from contracted sales of properties in Hong Kong amounted to HK$12,295.2 million, of which HK$7,029.2 million, HK$1,173.0 million and HK$4,093.0 million were to be booked in FY2021, FY2022 and FY2024, respectively. Key projects expected to be booked in FY2021 include ATRIUM HOUSE in Yuen Long, ARTISAN GARDEN in Ma Tau Kok and Reach Summit in Yuen Long, and key project expected to be booked in FY2022 includes TIMBER HOUSE in Ho Man Tin. Among the projects mentioned, ARTISAN GARDEN and TIMBER HOUSE were sold out and over 90% of the units at ATRIUM HOUSE and Reach Summit were sold already. Key projects expected to be booked in FY2024 include MOUNT PAVILIA and FLEUR PAVILIA.

Hong Kong Property Investment and Others
Tension in international geopolitical relations prompted enterprises to revisit their development plans. Meanwhile, the epidemic outbreak since early 2020 dealt a heavy blow to economy, forcing countries to impose different levels of social distancing measures to suppress the virus spread and leaving quite a few businesses to suspend operations.

Affected by the epidemic, various sectors responded to worsening market conditions with stricter cost management, redundancies and office space downsizing, which led to the shrinking demand for office space. The significant rental climb over the years in traditional business districts such as Central bore the brunt of economic headwinds. Tenants reduced their rented area or relocated to fringe areas, driving the vacancy rate higher in Central. Nonetheless, owing to this trend of decentralisation, West Kowloon and Island East have enticed many tenants for the advantages of newly completed commercial buildings with reasonable rentals.

Meanwhile, the retail industry was hit hard by social distancing measures, rising unemployment rate due to corporate redundancy, as well as plummeting tourist arrivals under travel restrictions. The impact was even greater for shopping malls and brands targeting tourists. In response, many landlords offered rental concessions to support their tenants. Recently, Hong Kong has witnessed an easing epidemic situation, as local consumer sentiment gradually recovers with rebounding footfall in shopping malls catering to local customers. This has propped up the performance of retail and rental properties.

During the year under review, the Group's revenues of property investment in Hong Kong amounted to HK$2,590.5 million, representing an increase of 33%, mainly due to a broader rental income base after the full commencement of operation of its large-scale integrated project Victoria Dockside in Tsim Sha Tsui, Kowloon and the Grade A office building K11 ATELIER King's Road in Quarry Bay during the year under review.

Victoria Dockside, a new global landmark located in the core area of Tsim Sha Tsui Waterfront in Kowloon, was fully opened during the year under review. Created by 100 local and international creative powers, K11 MUSEA formally commenced its operation as a new cultural retail landmark in late August 2019, presenting brand new museum-retail experience adored by the local younger generation. Over 90% has been leased. Despite the social events and epidemic situation in Hong Kong, K11 MUSEA still recorded an average monthly footfall of 1.4 million, with a strong quarter-on-quarter rebound of 12% in footfall in the second quarter of 2020, marking its success. As for Grade A office K11 ATELIER, about 80% has been rented out.

Adjacent to Quarry Bay MTR Station on Island East, K11 ATELIER King's Road is one of the first buildings in the world to be awarded three platinum level green and healthy building certifications, including the WELL Certified™ Platinum, the U.S. LEED Platinum® and the Hong Kong BEAM Plus New Buildings V1.2 Provisional Platinum. The Grade A office building, with a total GFA of approximately 490,000 sq ft, commenced operation during the year under review, currently around 50% has been leased.

The operation commencement of K11 MUSEA and K11 ATELIER King's Road has brought about a total area of more than 1.5 million sq ft to the Group's property investment flagships portfolio in Hong Kong. Both property projects will provide full year contribution in FY2021, with the remaining leasable area to generate more growth momentum to the rental income which has entered an acceleration stage.

Hong Kong Landbank
Land supply is dwindling in Hong Kong. According to the Land Sale Programme announced by the Hong Kong Government, only 15 residential sites can be launched in 2020, of which five are rolled over land parcels, to provide only 7,530 flats, together with only six commercial sites amounting to a total GFA of approximately 830,000 sq ft . The Government works to promote a multifaceted land policy, such as Land Sharing Pilot Scheme and New Development Areas. The Group is carefully studying relevant policies to pursue suitable land and continuously provide quality resources for the long-term development of its core business.

On the other hand, the Group made use of diversified channels to replenish its landbank, by participating in public tenders, actively undertaking old building acquisitions and farmland conversions in order to provide sustainable development resources for its core business. In August 2020, State Theatre Building, a residential and commercial property located at 277–291 King's Road, North Point, which the Group's non-wholly owned subsidiary holds over 90% ownership, was approved for a compulsory sale by the Lands Tribunal. The project covers a site area of approximately 36,000 sq ft.

As at 30 June 2020, the Group had a landbank with a total attributable GFA of approximately 9.08 million sq ft in Hong Kong available for immediate development, of which approximately 4.21 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.51 million sq ft pending land use conversion.

Eight projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long and Fanling are under active negotiation with the authority on land use conversion, of which a total GFA of approximately 0.5 million sq ft has entered the final stages.

Rooted in Hong Kong, the Group takes driving social advancement and contributing to Hong Kong's long-term development as an important part of its vision of creating shared value. Hence, the Group is actively partnering with social enterprises to develop transitional social housing, to provide appropriate assistance to families in need of housing in Hong Kong.

Landbank by District **As at 30 June 2020**	**Property Development Total Attributable GFA** **(sq ft '000)**	**Property Investment and Others Total Attributable GFA** **(sq ft '000)**	**Total Attributable GFA** **(sq ft '000)**
Hong Kong Island	165.3	-	165.3
Kowloon	1,842.1	1,099.0	2,941.1
New Territories	2,207.4	3,767.4	5,974.8
Total	**4,214.8**	**4,866.4**	**9,081.2**

Agricultural Landbank by District **As at 30 June 2020**	**Total Land Area** **(sq ft '000)**	**Total Attributable Land Area** **(sq ft '000)**
Yuen Long District	12,400.5	11,401.7
North District	2,488.8	2,184.1
Sha Tin District and Tai Po District	1,938.0	1,884.1
Sai Kung District	1,180.0	1,019.8
Tuen Mun District	19.2	19.2
Total	**18,026.5**	**16,508.9**

Mainland China Property Development

Under the COVID-19 outbreak in early 2020, many projects were ground to a halt and sales offices suspended operation in a lot of locations. Instead, quite a few property developers have moved their sales and marketing activities online. Against the backdrop that the epidemic is under control in a short period of time, various property developers have resumed work and reopened sales offices, unleashing the pent-up demand for housing purchase. Data released by the National Bureau of Statistics suggested the gradual recovery of sales. Cities at various tiers invariably recorded higher housing prices in June 2020 , as the year-on-year decline of commercial housing sales and area continued to narrow nationwide, with residential properties experiencing the smallest decline. On the other hand, the Central Government has repeatedly reaffirmed its stance that housing was for living in rather than speculation, that city-specific policies shall be implemented to promote steady and healthy development of the property market, and that financing shall be tightened for property developers. Some cities with surging house prices have recalibrated their regulatory policies. Hence, the market generally expects house prices to remain stable.

In FY2020, the Group's revenues and segment results of property development in Mainland China, including joint development projects, amounted to HK$14,665.6 million and HK$8,409.7 million, respectively. The contributions were mainly attributable to the residential projects in Guangzhou, Foshan and Shenyang.

Despite the epidemic-induced slowdown of property sales in Mainland China in early 2020, the Group maintained strong sales performance. During the year under review, the total contracted sales area of properties in Mainland China was approximately 800,000 sq m, with total sales proceeds amounting to RMB18.18 billion. The average selling price of overall residential contracted sales exceeded RMB38,000 per sq m. As for the geographical distribution of contracted sales proceeds, Southern region led by the Greater Bay Area was the largest contributor, accounting for over 60%, followed by North-eastern and Central regions which accounted for 16% and 14%, respectively. Contribution was mainly delivered by sales of residential projects in the Greater Bay Area, including Shenzhen Prince Bay BAYHOUSE, Guangzhou Park Paradise and Guangzhou Covent Garden. For the Shenzhen Prince Bay BAYHOUSE project, the Group staged an innovative move by launching online sales services during the epidemic period, delivering desirable sales results.

FY2020	**Residential Contracted Sales**		**Non-residential Contracted Sales**	
Region	**Area (sq m '000)**	**Proceeds (RMB Million)**	**Area (sq m '000)**	**Proceeds (RMB Million)**
Southern Region (i.e. the Greater Bay Area)	120.3	6,089.2	110.6	5,270.3
Central Region	370.1	2,530.7	4.9	19.2
Eastern Region	11.1	534.2	-	-
Northern Region	17.2	225.4	16.4	590.9
North-eastern Region	74.2	2,008.1	78.4	912.2
Total	**592.9**	**11,387.6**	**210.3**	**6,792.6**

On the other hand, the Group continued with its strategy to dispose of non-core assets. In September 2019, the Group entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset of this company is Changsha La Ville New World. The disposal enables the Group to realise cash resources and unlock asset value at fair market value.

As of 30 June 2020, the Group's unrecognised gross income from contracted sales of properties in Mainland China amounted to RMB9,129.1 million, of which RMB4,985.9 million was to be booked in FY2021 and RMB4,143.2 million to be booked in FY2022.

During the year under review, the total area of projects completed in Mainland China (excluding carpark) amounted to approximately 400,000 sq m, which was mainly located in the Greater Bay Area and Shenyang. The area of completion is expected to reach 1.37 million sq m in FY2021.

FY2020 Project Completion in Mainland China — Property Development

Region	Project/ Total GFA (sq m)	Residential	Commercial	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Park Paradise District 5 Land No. 2	-	2,920	2,920	2,920
Foshan	Guangzhou Foshan Canton First Estate CF30	21,325	-	21,325	21,325
	Guangzhou Foshan Canton First Estate CF31	44,020	-	44,020	44,020
Wuhan	Wuhan New World•Times Site B	55,073	-	55,073	114,229
Shenyang	Shenyang New World Garden Phase 2E Building 14	55,235	-	55,235	55,235
Anshan	Anshan New World Garden Phase 1B2	60,438	7,573	68,011	68,011
	Total	**236,091**	**10,493**	**246,584**	**305,740**

FY2020 Project Completion in Mainland China — Property Investment, Hotel and Others

Region	Project/ Total GFA (sq m)	Commercial	Hotel	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Park Paradise District 5 Land No. 1	22,763	-	22,763	35,365
	KHOS Guangzhou	6,787	53,594	60,381	80,672
Shenyang	Shenyang New World Garden Phase 2E	-	-	-	40,878
	KHOS Shenyang	-	69,751	69,751	69,751
Anshan	Anshan New World Garden Phase 1B2	-	-	-	18,316
	Total	**29,550**	**123,345**	**152,895**	**244,982**

FY2021 Project Completion Plan in Mainland China — Property Development

Region	Project / Total GFA (sq m)	Residential	Apartment	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Park Paradise District 3 Batch B	42,586	-	-	-	42,586	48,388
Foshan	Guangzhou Foshan Canton First Estate CF27B	30,210	-	-	-	30,210	30,210
	Guangzhou Foshan Canton First Estate CF07	4,328	-	-	-	4,328	4,328
	Guangzhou Foshan Canton First Estate CF19C	59,860	-	-	-	59,860	63,560
Shenzhen	Prince Bay Land DY02-02	-	-	-	54,789	54,789	54,789
	Prince Bay Land DY02-04	-	55,000	-	-	55,000	55,000
Ningbo	Ningbo New World Plaza Land No. 7-10	137,652	-	25,973	-	163,625	269,790
	Ningbo New World Plaza Land No. 11	-	-	9,702	57,055	66,757	90,010
	Ningbo New World Plaza Land No. 12	-	-	8,085	12,331	20,416	52,900
	Ningbo New World Plaza Land No. 5	-	-	1,400	85,306	86,706	128,198
Beijing	Beijing New View Commercial Centre	-	-	9,063	12,231	21,294	25,367
Shenyang	Shenyang New World Centre - SA1	-	107,589	-	-	107,589	107,589
	Shenyang New World Centre - SA2	-	104,142	-	-	104,142	104,142
	Shenyang New World Centre - SA3	-	75,354	-	-	75,354	75,354
	Shenyang New World Garden Phase 2C - 1	108,954	-	-	-	108,954	108,954
Anshan	Anshan New World Garden Phase 1B3	91,830	-	14,358	-	106,188	133,636
	Anshan New World•The Grandiose Phase 1B1	9,297	-	-	-	9,297	9,297
	Anshan New World•The Grandiose Phase 1B2	19,367	-	-	-	19,367	19,367
	Total	**504,084**	**342,085**	**68,581**	**221,712**	**1,136,462**	**1,380,879**

FY2021 Project Completion Plan in Mainland China — Property Investment, Hotel and Others

Region	Project / Total GFA (sq m)	Commercial	Office	Hotel	Total (excluding carpark)	Total (including carpark)
Shenzhen	Prince Bay Land DY02-02	25,000	-	-	25,000	58,857
	Prince Bay Land DY02-04	24,840	-	-	24,840	64,642
Ningbo	Ningbo New World Plaza Land No. 5	-	-	41,269	41,269	41,269
Wuhan	Wuhan New World Centre Phase 3 - Wuhan K11	32,294	59,434	-	91,728	140,969
Shenyang	Shenyang New World Garden Phase 2C - 1	21,160	-	-	21,160	21,160
	pentahotel Shenyang	-	-	29,924	29,924	29,924
	Total	**103,294**	**59,434**	**71,193**	**233,921**	**356,821**

Mainland China Property Investment and Others

For the purpose of containing the spread of the epidemic, the Central Government promptly adopted prevention and control measures to various degrees, including closure of some venues and suspension of work and classes to avoid crowding. The resulting decline in footfall and even suspension of operation in shopping malls led commercial property owners to shift part of their business online, where marketing took place in the form of live broadcast to stimulate consumption desire and maintain customer loyalty. Shopping malls saw a gradual uptick in footfall after reopened in various places.

The Group's unique brand K11 has also taken the initiative to develop a new digital operation model by launching the online membership WeChat mini programme "K11 GO". The programme engages over 100 tenant brands under K11 nationwide, which collaborated with the K11 operations team to host a number of live broadcast events to diversify sales channels. In the meantime, the Group fully capitalised on its unique ecosystem and presence in both Mainland China and Hong Kong, to provide mainland consumers with one-stop cross-border shopping experience of Hong Kong products via the WeChat mini programme "Hong Kong K11 × Shop Express".

In FY2020, the Group's revenues of property investment in Mainland China amounted to HK$1,759.0 million, representing a 2% increase mainly due to full-year contribution from Guangzhou New World • NEW PARK, which opened at the end of December in 2018 and the increase in average rent of Shenyang K11, whereas major projects in our investment properties portfolio recorded solid performance in overall occupancy rate.

Wuhan K11, the Group's second shopping mall project in Wuhan, is scheduled to commence operation in phases starting from the end of 2020. The project covers a total area of approximately 240,000 sq m, including an 83,000 sq m art mall, a 56,000 sq m K11 ATELIER office building and 11th Avenue, K11's first outdoor block for leisure and downshifting, which renews its leadership in the retail consumer market of Central China.

Being an active investor on the Mainland and a creator of new consumption and office models, the Group will have a series of K11 and D•PARK commercial projects complete construction and commence operation successively. Among them are a number of key projects in the Greater Bay Area, such as Prince Bay and Qianhai in Shenzhen as well as Panyu in Guangzhou, which will broaden the Group's recurring rental income base and consolidate its development in the Greater Bay Area.

Mainland China Landbank

In the Report on the Work of the Government, the Central Government mentioned development initiatives such as promoting new urbanisation and urban renewal, and fast-tracking regional development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area, integration of the Yangtze River Delta and coordinated development of the Beijing-Tianjin-Hebei Region. Following the acceleration of new urbanisation and regional development, population movement has further gravitated towards core cities in metropolitan areas, such as Guangzhou and Shenzhen in the Greater Bay Area. This has ramped up local housing demand, albeit in tandem with sluggish land supply in these core areas. Hence, urban renewal plays an important role by offering mainly residential land at reasonable cost in prime locations.

With strategic coverage in key cities of the Greater Bay Area and other metropolitan areas in Mainland China, the Group relied on its superior brand and seasoned professional team to obtain or jointly develop premium land parcels and projects in Guangzhou and Shenzhen, the hearts of the Greater Bay Area, celebrating fruitful results. Currently, landbank in the Greater Bay Area accounts for half of the Group's core landbank in Mainland China.

The Group stands out as the most active Hong Kong developer in the market of old city redevelopment in Mainland China which was traditionally dominated by mainland property giants. In June 2020, the Group renewed its presence in Zengcheng District of Guangzhou as it became the intended cooperative enterprise for Xiajie Village in Licheng Street, following the remodelling project of Economic Belt at Man Kam To Crossing in Lo Wu District of Shenzhen, the Xili Project in Nanshan District of Shenzhen, the Shancun Project in Liwan District of Guangzhou, the Nanji Village Project in Haizhu District of Guangzhou, and the Tagang Village Project in Zengcheng District of Guangzhou. Located in downtown Zengcheng, the new project is designated as the future district public service centre with a total area of over one million sq m after redevelopment. The project will develop into an integrated residential and industrial zone that accommodates quality living, business office, distinctive commerce and top class hotel. The above old city redevelopment projects are expected to be included in the Group's landbank successively starting in 2022, which will significantly boost its sustainable development resources.

The Group has a wide range of channels to expand its landbank. In addition to old city redevelopment, land is also acquired through public auction and tender and cooperation with different enterprises. In September 2019, the Group obtained the Tagang Village Project on Yongning Street in Zengcheng District of Guangzhou with the reserve price of RMB3.4 billion. The project covers a total GFA of over 320,000 sq m in Zengcheng Economic and Technological Development Zone, an important node of the Guangzhou-Shenzhen Science and Technology Innovation Corridor. The Zone features a cluster of new infrastructure industries such as new energy vehicles, IT and fintech, presenting tremendous development potential for the future.

Other than the Greater Bay Area, the Group has also extended its coverage to Ningbo and Hangzhou amongst the six metropolitan areas in the Yangtze River Delta as well as its central city Shanghai, in an effort to complete the Group's strategic layout in Eastern China and make it another growth driver besides the Guangdong-Hong Kong-Macao Greater Bay Area. In July 2019, the Group acquired the remaining 51% interest in the commercial and residential complex project Ningbo New World. Meanwhile, the Group also successfully acquired a land parcel for commercial and residential purpose in Wangjiang New Town, Shangcheng District, Hangzhou with a total GFA of more than 450,000 sq m through public tender. The land parcel is planned to develop into a large-scale urban complex integrating commerce, office and residential buildings and hotels, where K11 Art Mall and Rosewood Hotel will be introduced for the first time in Hangzhou.

In August 2020, the Group successfully acquired a land parcel in Huaihai Middle Road of Huangpu District, Shanghai with approximately RMB4.1 billion. Covering a total GFA of approximately 130,000 sq m, the project sits at the heart of the Huaihai Middle Road Business District and constitutes the first land parcel launched in Huaihai Road in more than two decades. The project is designed to be a high-end commercial complex that embodies both artistry and modernity.

As at 30 June 2020, the Group had a landbank (excluding carpark) with a total GFA of approximately 6.48 million sq m available for immediate development in Mainland China, of which approximately 3.39 million sq m was for residential use. In particular, core property development projects were primarily located in Guangzhou, Shenzhen, Foshan, Wuhan, Ningbo, Hangzhou, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.71 million sq m, of which 50% was located in the Greater Bay Area and approximately 1.84 million sq m was for residential use.

As at 30 June 2020 **Region**	**Total GFA (excluding carpark) (sq m '000)**	**Residential Total GFA (sq m '000)**
Southern Region (i.e. the Greater Bay Area)	2,857.5	1,840.1
Central Region	710.2	281.1
Eastern Region	955.5	287.6
Northern Region	610.2	254.5
North-eastern Region	1,345.9	723.5
Total	**6,479.3**	**3,386.8**
Of which, Core Projects	**5,714.4**	**2,762.2**

Hotel Operations

In FY2020, the Group recorded a loss in its hotel operations mainly due to the COVID-19 outbreak prompting various regions to impose travel restrictions. The ensuing plunge in tourist arrivals battered the hotel industry in both Hong Kong and Mainland China. This also affected the average occupancy and room rates of the Group's hotels in Hong Kong which were oriented towards high-end business travellers. However, as the local epidemic situation is gradually under control, the Hong Kong Government has begun to gradually relax social distancing measures, while actively discussing the feasibility of travel bubbles with neighbouring countries and regions, which is expected to bring some support to the hotel industry. In response to the epidemic, the hotel industry has rolled out different staycation programmes and discounts to attract local customers who cannot spend their holidays abroad due to travel restrictions, and offer them leisure and recreational experience. The Group's hotels have also launched relevant accommodation and catering packages, and integrated the ecosystem and brand resources to create synergy, improve customer loyalty and cross-selling. The hotel industry in Mainland China also saw gradual recovery driven by domestic inter-provincial travel.

As at 30 June 2020, the Group owned a total of 17 hotel properties in Hong Kong, Mainland China and Southeast Asia, providing more than 7,400 rooms.

Four Core Businesses under NWSH

After the completion of FTLife Insurance on 1 November 2019, the core businesses of NWSH became Roads, Aviation, Construction and Insurance, which were also inevitably affected by the COVID-19 epidemic during the year under review.

Roads

Despite a stable interim result, Roads segment in the second half of FY2020 was adversely affected by the outbreak of COVID-19 and the unprecedented toll fee exemption policy implemented for all toll roads by the PRC Government for a period of 79 days between 17 February 2020 and 5 May 2020. As a result, together with the impact of Renminbi depreciation, segment results from the Roads segment declined. While protective measures in relations to this policy, such as extension of concession period, are expected to be given, negotiation with the Central Government is still underway. Overall traffic volume and toll revenue of NWSH's existing projects declined 22% and 23% year-on-year, respectively, in FY2020. Yet, both traffic flow and toll revenue have been recovering rapidly since the resumption of the toll fee collection in May 2020. Together with the contribution from newly acquired Changliu Expressway, June 2020's overall traffic volume of the NWSH's roads portfolio grew approximately 3% year-on-year with toll fee income of the portfolio almost reaching the same level as the month of December 2019.

The four anchor expressways, including Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) collectively contributed over 80% for the Roads segment. While the traffic flow during FY2020 was hit by the outbreak of COVID-19, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) was further impacted by the traffic diversion of Nansha Bridge and prohibition of certain types of large size vehicles using Humen Bridge. In June 2020, excluding Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), the overall traffic volume for the other three expressways resumed to a growth of close to 1% year-on-year. As for the three expressways in Central China acquired in recent years, namely Suiyuenan Expressway (acquired in January 2018), Sui-Yue Expressway (acquired in December 2018) and Changliu Expressway (acquired in July 2019), aggregately contributed approximately HK$100 million in FY2020.

Aviation

Aviation segment principally engages in commercial aircraft leasing business through NWSH's full service leasing platform Goshawk Aviation Limited ("Goshawk") after the divestment of the remaining interest in Beijing Capital International Airport Co., Ltd. ("BCIA").

In FY2020, segment results of the Aviation segment declined. In addition to the absence of dividend income from BCIA, less gain was recorded from aircraft trading in FY2020 given the current market condition.

As at 30 June 2020, together with the direct orders of 40 narrow-body aircraft delivering in 2023-2025 from the two major aircraft manufacturers, the number of aircraft owned, managed and committed by Goshawk increased from 223 as at 30 June 2019 to 233, with combined appraised value amounted to approximately US$11.7 billion. Goshawk continues to be a global leading commercial aircraft lessor in terms of fleet value with one of the youngest fleet and one of the longest average remaining lease term in the industry. The 162 aircraft on book, which increased from 154 as at 30 June 2019, has an average age of 4.4 years and an average remaining lease term of 6.3 years.

Given the diversified portfolio that comprises of 62 airlines in 35 countries, as well as stringent measures on risk management, including but not limited to maintaining an appropriate mix of aircraft assets, monitoring lessees' operational and financial performance for prompt risk identification, and engaging lessees proactively on collection issues/lease restructuring with necessary and adequate actions taken, risks arising from COVID-19 outbreak have been well-managed. The collection rate from airline customers during the first half of year 2020 was 78%.

Construction

The segment results of the Construction segment decreased, mainly due to challenging business environment and rising competition. As at 30 June 2020, gross value of contracts on hand of the Construction segment edged down 5% to approximately HK$52.6 billion, while the remaining works to be completed decreased HK$5.5 billion to HK$36.1 billion. About 62% of the remaining works to be completed are from private sector that includes both commercial and residential projects, and the remaining 38% are government and institutional related projects. New projects contracted in FY2020 amounted to approximately HK$8.8 billion, which included but not limited to, the commercial development in Kai Tak Area, the office development at Murray Road and foundation works for public housing development at Long Bin Phase 1, Yuen Long and at Ko Chiu Road, Yau Tong.

Insurance

The acquisition of FTLife Insurance by NWSH was completed on 1 November 2019, marking NWSH's important step in entering the insurance industry. Eight-month segment results amounted to HK$819.2 million was recorded subsequent to the completion of acquisition. During the year under review, while business from Mainland Chinese Visitors was severely impacted by the border closure and epidemic containment measures, sales targeting the Hong Kong market remained resilient and well-supported by new products, such as Voluntary Health Insurance Scheme, Qualifying Deferred Annuity Policy, Reward Pro, Fortune Saver, Regent Prime and Regent Elite insurance products. With the early signs of positive contribution from the synergies and support from the Group, Annual Premium Equivalent ("APE") dropped 12% year-on-year in the first half of year 2020, outperforming Hong Kong overall industry's drop of 44%. Agency business and partnership contributed 51% and 49% of FTLife Insurance's total APE respectively. Total gross written premium grew 19% and Value of New Business ("VONB") margin, representing VONB as a percentage of APE, was 22% in the first half of year 2020.

Despite industry-wide disruptions and a persistently low interest rate environment, FTLife Insurance's financial position remains sound. As at 30 June 2020, solvency ratio was 542%, which is well above the minimum regulatory requirement of 150%. Embedded value was HK$17.7 billion, compared to HK$17.3 billion as at 31 December 2019. Total asset value and net asset value (excluding the goodwill arising from business combination) were HK$69.5 billion and HK$18.0 billion, respectively.

Outlook

Last year, the global economy was battered by a host of factors such as U.S.-China tensions, geopolitics and the COVID-19 epidemic. Countries plunged into economic recession and many businesses resorted to downsizing to cut costs. Some even closed down or went bankrupt. Soaring unemployment rates and shrinking consumption forced governments to launch different economic relief initiatives to support corporate operation and safeguard people's livelihood.

Even as countries devoted massive amounts of manpower and material in a race against time to develop vaccines, the pandemic sustained its sprawling spread, prompting governments of various localities to adopt stringent social distancing measures and travel restrictions. This exerted varying degrees of impact on different sectors, with those centred on tourists, including retail, hospitality and aviation, mired in predicament. Such impact also extended to the relevant operations of the Group. Nevertheless, as a constant advocate of creating shared value, the Group took the initiative to shoulder its social responsibility by offering tenants rental concessions to weather the difficult times together.

Looking ahead, the uncertainties and negative factors are expected to linger, as market sentiments remain dominated by the ebb and flow of U.S.-China relations and the evolving pandemic. Given the unpredictability of when these factors will subside, New World Group will actively examine its development directions and market conditions, leverage its edge and extensive resources under the prevailing development strategy, and proactively identify areas of breakthrough to turn crises into opportunities and create growth opportunities in adverse conditions.

Owning a portfolio of premium saleable resources in Hong Kong and Mainland China, the Group plans to launch its key residential project by phase at Tai Wai MTR Station in Sha Tin, Hong Kong that involves over 3,000 residential units, as well as its Grade A office projects in Cheung Shun Street and Wing Hong Street in West Kowloon. Phases 1 and 2 of the Tai Wai Station project are well poised to be launched and will make its debut upon the issue of pre-sale consent. Shenzhen Prince Bay BAYHOUSE, a commercial apartment project located at Prince Bay of Shenzhen in the heart of the Greater Bay Area, attained stellar sales results through online sales services during the epidemic, showcasing the Group's product quality, sales execution and innovation capabilities. In FY2021, the Group will successively launch its Zengcheng Comprehensive Development Project in the eastern transport hub of Zengcheng District of Guangzhou which will extend the exceptional results of the Prince Bay Project.

Through active disposal of non-core assets and businesses, the Group concentrates on developing its core business, continuously optimising its asset portfolio and returns, enhancing corporate efficiency and creating more value for shareholders. Following its disposal of non-core assets worth over HK$10 billion in FY2020, the Group has an excess of HK$13 to HK$15 billion of assets available for disposal in FY2021, which will generate extra cash flow to support its core business development.

The new cultural retail landmark K11 MUSEA in Victoria Dockside of Tsim Sha Tsui Waterfront and K11 ATELIER King's Road, a Grade A office project adjacent to Quarry Bay MTR Station in Island East Business District commenced operation in this fiscal year, which enhanced the Group's investment property portfolio and brought about additional area of more than 1.5 million sq ft. Both projects will make full year contribution in FY2021, marking the harvest period of growth in recurring rental income that the Group is entering. In the future, the Group will see the successive completion of investment property projects such as Hong Kong SKYCITY, as well as a pipeline of K11 projects in the Greater Bay Area and in key cities of Mainland China. Such completion will add about five million sq ft to the area of investment property portfolio in Hong Kong, and offer an impressive boost of more than 10 million sq ft to the area of investment property portfolio on the Mainland, thereby elevating the Group's recurring income and providing more stable growth momentum to its business performance.

Dedicated to its development in key cities of the Greater Bay Area and other metropolitan areas, the Group has been an early mover with strategic presence in cities such as Guangzhou and Shenzhen. Through old city redevelopment, the Group can secure land at prime locations at more reasonable costs, whilst improving the experience of life for local citizens. Leveraging an outstanding team with extensive experience, the Group managed to become the most active Hong Kong developer active in the old city redevelopment market with a proven track record. As of this fiscal year, the Group became the intended cooperative enterprise of six old city redevelopment projects across the Greater Bay Area, the land of which will be successively included in the landbank from FY2022 onwards, to offer a continuous stream of saleable resources to propel the Group's development in the Greater Bay Area.

Having completed the acquisition of FTLife Insurance during the fiscal year, NWSH has been providing steady cash flow to the Group with their four core businesses including roads, aviation, construction and insurance. NWSH, boasting ample resource and adequate financing capability, has been executing the Group's strategy of non-core assets disposal to inject momentum into its core business. Stepping into FY2021, NWSH successfully disposed of its entire interest in New World First Bus Services Limited and Citybus Limited, at the consideration of HK$3.2 billion, as an extension of the Group's strategy to sell non-core assets.

Financially strong and healthy, the Group had total capital resources of approximately HK$106.7 billion as at 30 June 2020, including approximately HK$67.4 billion of cash and bank deposits and approximately HK$39.3 billion of undrawn facilities from banks. The Group manages cash flow in an active and prudent manner, and works to attain higher cost efficiency, diversify financing channels, balance risks and lower operating costs. As a result, its recurring administrative and other operating expenses declined by approximately 8% during the year under review. All refinancing of borrowings due in FY2021 has been taken care of. In the foreseeable future, equity raising is not necessary for the Company.

Rooted in Hong Kong and Greater China for five decades, the Group has surmounted numerous challenges and difficulties with well-established foundation and innovative thinking. Confronted with prevailing adversity, the Group shares the weal and woe with society and stakeholders via a number of social projects, including partnering with social enterprises to develop transitional homes for citizens in need of housing. The Group also tapped into its talents and technology to produce medical masks and distribute them to the public via "Mask To Go" dispensers, with a view to giving back to society through its strengths and technology. Confident that Hong Kong is bound to pull through and regain its former glory, the Group will remain committed to Hong Kong, engage in the Greater Bay Area and employ innovative and sustainable means to drive its growth, creating more shared value to shareholders and society at large.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 30 June 2020 HK$m	As at 30 June 2019 HK$m
Consolidated net debt	**116,458.6**	88,288.0
NWS Holdings Limited ("NWSH") (stock code: 0659)	**15,787.0**	10.5
New World Department Store China Limited ("NWDS") – net cash and bank balances (stock code: 0825)	**(740.9)**	(741.2)
Net debt (exclude listed subsidiaries)	**101,412.5**	89,018.7

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group's debts were primarily denominated in Hong Kong Dollar, United States Dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2020, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$4,997.3 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The net debt had increased and the financing costs had increased to HK$4,837.9 million. The Group used interest rate swaps, cross currency swaps and foreign exchange forward contracts to hedge part of the Group's underlying interest rate and foreign exchange exposure. Fuel price swap contracts are also used to hedge against the fuel price rises of the Group's transport business in the Others segment. The Group's Insurance segment enters into cross currency swaps and forward starting swaps to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. As at 30 June 2020, the Group had outstanding cross currency swaps and foreign exchange forward contracts in the amounts of HK$10,016.6 million, and had other outstanding derivative instruments in the amounts of HK$7,100.0 million (including interest rate swap for hedging of HK$6,600.0 million) and US$800.0 million (equivalent to approximately HK$6,240.0 million).

As at 30 June 2020, other than two green loans with total facility amount of HK$5,500.0 million (of which HK$3,000.0 million has been drawdown), for reinforcing the Group's commitment to improve sustainability performance in our businesses, the Group has entered into two sustainability-linked loans of total HK$2,000.0 million, of which interest rates will be reduced according to improvement targets on the Group's annual sustainability performance.

For the year ended 30 June 2020, the Group redeemed the following notes:

Date	Principal (equivalent to HK$)	Stock code	Interest rate
November 2019	US$575.3 million (HK$4,487.8 million)	5824	5.375%
February 2020	US$750.0 million (HK$5,850.0 million)	4315	7.000%

For the year ended 30 June 2020, the Group issued the following notes and perpetual capital securities:

Date	Category	Principal (equivalent to HK$)	Interest rate	Due date	Price	Net proceed (equivalent to HK$)
July 2019	P	US$300.0 million (HK$2,340.0 million)	5.750%	N/A	104.000%	US$309.2 million * (HK$2,411.7 million)
July 2019	NL	US$950.0 million (HK$7,410.0 million)	4.125%	2029	98.718%	US$928.3 million (HK$7,240.7 million)
July 2019	P	US$400.0 million (HK$3,120.0 million)	6.250%	N/A	101.389%	US$401.6 million * (HK$3,132.5 million)
November 2019	P	US$400.0 million (HK$3,120.0 million)	6.250%	N/A	101.412%	US$402.4 million * (HK$3,138.7 million)
March 2020	N	HK$150.0 million	1.500%	2022	99.319%	HK$149.0 million
April 2020	N	HK$300.0 million	3.830%	2030	100.000%	HK$296.3 million
May 2020	NL	US$600.0 million (HK$4,680.0 million)	4.500%	2030	99.920%	US$595.6 million (HK$4,645.7 million)
June 2020	P	US$650.0 million (HK$5,070.0 million)	5.250%	N/A	100.000%	US$645.8 million (HK$5,037.2 million)
June 2020	P	US$200.0 million (HK$1,560.0 million)	5.250%	N/A	100.200%	US$200.0 million * (HK$1,560.0 million)

P: Guaranteed senior perpetual capital securities listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange")
N: Guaranteed notes
NL: Guaranteed notes listed on the Stock Exchange
N/A: Not applicable
* excluding accrued interest

The proceeds from the issuance of the bonds were for general working capital purpose including the acquisition and development of property projects in Hong Kong and the Mainland China and the acquisition of FTLife Insurance Company Limited ("FTLife Insurance") and the concession rights of Changliu Expressway.

As at 30 June 2020, the Group's cash and bank balances (including restricted bank balances) stood at HK$67,435.6 million (2019: HK$63,731.6 million) and the consolidated net debt amounted to HK$116,458.6 million (2019: HK$88,288.0 million). Following the acquisition of FTLife Insurance and various property projects in the Mainland China, including the Ningbo New World Plaza project and the Wangjiang New Town project in Hangzhou, the net debt to equity ratio was 41.6%; an increase of 9.5 percentage points as compared to 30 June 2019.

As at 30 June 2020, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$166,260.6 million (2019: HK$137,042.8 million). Short-term bank loans and other loans as at 30 June 2020 were HK$17,633.6 million (2019: HK$14,976.8 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2020 and 30 June 2019 was as follows:

	As at 30 June 2020 HK$m	As at 30 June 2019 HK$m
Within one year	**54,068.1**	40,898.0
In the second year	**16,575.5**	43,006.5
In the third to fifth year	**81,485.2**	51,816.8
After the fifth year	**31,765.4**	16,298.3
	183,894.2	152,019.6

Equity of the Group as at 30 June 2020 increased to HK$279,745.1 million against HK$275,364.5 million as at 30 June 2019.

It is expected that equity raising is not necessary for the Company in the foreseeable future.

MAJOR ACQUISITION AND DISPOSAL

1. On 27 December 2018, Earning Star Limited, an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement to acquire the entire issued share capital of FTLife Insurance at a total consideration of HK$21.812 billion (after adjustments). FTLife Insurance is a life insurance company operating in Hong Kong, providing a broad range of protection and savings-related life and medical insurance products. This acquisition was completed on 1 November 2019 and FTLife Insurance became an indirect wholly-owned subsidiary of NWSH since then.

2. On 19 July 2019, NWS (Guangdong) Investment Company Limited (formerly known as Guangdong Xin Chuan Co., Ltd.), an indirect wholly-owned subsidiary of NWSH, won a bid for acquiring the concession rights (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,099.1 million). The bid purchase price had been fully paid. As of the date of this announcement, NWSH is in the process of negotiating with the Department of Transportation of Hunan Province, the PRC for the concession right agreement.

3. On 26 July 2019, Esteemed Sino Limited ("Esteemed Sino"), an indirect wholly-owned subsidiary of New World China Land Limited ("NWCL"), entered into a sale and purchase agreement with Praiseworth International Limited and Property Giant Investments Limited (collectively the "Vendors", which are wholly-owned by Chow Tai Fook Enterprises Limited ("CTFE")), and CTFE as guarantor of the Vendors , whereby the Vendors agreed to sell and assign, and Esteemed Sino agreed to acquire 51% interest of the entire issued share capital of Silvery Yield Development Limited ("Silvery Yield") and accept the assignment of shareholders' loans owing from Silvery Yield to the Vendors, for a total consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "Acquisition"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. The Acquisition was completed on 26 July 2019.

4. On 30 July 2019, Honour Team International Limited, an indirectly wholly-owned subsidiary of NWCL, acquired through listing-for-sale the state-owned construction land use right of a parcel of land located at Wangjiang New Town, Shangcheng District, Hangzhou, Zhejiang Province, the PRC, for the development of a residential and commercial complex at a consideration of approximately RMB9,791.9 million (equivalent to approximately HK$11,127.1 million).

5. In September 2019, Guangzhou Zengpei Properties Development Co., Ltd., an indirectly wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land located at Tagang Village, Yongning Street, Zengcheng District, Guangzhou, the PRC, through listing-for-sale at a consideration of RMB3,400.0 million (equivalent to approximately HK$3,863.6 million) for residential and carparking development.

6. On 5 September 2019, NWSH disposed of 120 million issued H shares of Beijing Capital International Airport Co., Ltd. ("BCIA") at the price of HK$6.50 per H share of BCIA and thereafter, NWSH no longer hold any interest in BCIA.

RESULTS

The board of directors (the "Board") of New World Development Company Limited (新世界發展有限公司) (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2020 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2020

	Note	**2020 HK$m**	2019 HK$m
Revenues	3	**59,007.8**	76,763.6
Cost of sales		**(39,076.6)**	(51,742.1)
Gross profit		**19,931.2**	25,021.5
Other income		**243.8**	121.4
Other gains, net		**344.5**	338.8
Selling and marketing expenses		**(1,937.2)**	(2,161.0)
Expenses of department store's operation		**(1,286.8)**	(2,125.6)
Administrative and other operating expenses		**(7,121.5)**	(6,298.7)
Overlay approach adjustments on financial assets	2(c)(xiii)	**208.2**	-
Changes in fair value of and gain on transfer to investment properties		**1,653.2**	10,305.7
Operating profit	4	**12,035.4**	25,202.1
Financing income		**2,827.0**	1,716.2
Financing costs		**(4,837.9)**	(2,472.5)
		10,024.5	24,445.8
Share of results of			
Joint ventures		**1,007.3**	3,670.3
Associated companies		**(237.4)**	1,012.8
Profit before taxation		**10,794.4**	29,128.9
Taxation	5	**(7,528.0)**	(7,489.8)
Profit for the year		**3,266.4**	21,639.1
Attributable to:			
Shareholders of the Company		**1,096.2**	18,160.1
Holders of perpetual capital securities		**1,688.3**	803.0
Non-controlling interests		**481.9**	2,676.0
		3,266.4	21,639.1
Dividend	6	**5,204.0**	5,213.7
Earnings per share	7		(Adjusted)
Basic		**HK$0.43**	HK$7.11
Diluted		**HK$0.43**	HK$7.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	**2020 HK$m**	2019 HK$m
Profit for the year		**3,266.4**	21,639.1
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value changes of equity instruments as financial assets at fair value through other comprehensive income		**(1,011.1)**	(192.7)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets (2019: property, plant and equipment and land use rights)		**11.4**	54.4
- deferred tax arising from revaluation thereof		**(1.9)**	(12.4)
Remeasurement of post employment benefit obligation		**32.0**	(8.3)
Items that had been reclassified/may be reclassified subsequently to profit or loss			
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income		**1,768.6**	-
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income		**(306.6)**	-
Release of reserves upon disposal of subsidiaries		**(68.4)**	0.1
Release of reserves upon disposal of interests in joint ventures and associated companies		**(13.9)**	(56.7)
Release of reserves upon deregistration of subsidiaries		**-**	11.8
Share of other comprehensive income of joint ventures and associated companies		**(1,499.0)**	(997.9)
Cash flow/fair vale hedges		**147.3**	(919.2)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	2(c)(xiii)	**(208.2)**	-
Translation differences		**(3,837.3)**	(5,030.3)
Other comprehensive income for the year		**(4,987.1)**	(7,151.2)
Total comprehensive income for the year		**(1,720.7)**	14,487.9
Attributable to:			
Shareholders of the Company		**(3,490.6)**	12,394.6
Holders of perpetual capital securities		**1,688.3**	803.0
Non-controlling interests		**81.6**	1,290.3
		(1,720.7)	14,487.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**2020** **HK$m**	2019 HK$m
ASSETS			
Non-current assets			
Investment properties		**169,717.5**	173,326.7
Property, plant and equipment		**30,099.9**	31,024.1
Right-of-use assets		**8,514.7**	-
Land use rights		**-**	1,213.9
Intangible concession rights		**14,005.1**	9,973.0
Intangible assets		**8,427.6**	3,464.5
Value of business acquired		**5,651.5**	-
Deferred acquisition costs		**688.2**	-
Interests in joint ventures		**43,013.3**	50,865.5
Interests in associated companies		**21,143.7**	25,331.9
Financial assets at fair value through profit or loss		**13,488.4**	8,420.9
Financial assets at fair value through other comprehensive income		**39,131.2**	5,038.8
Derivative financial instruments		**2,154.2**	130.8
Properties for development		**35,424.0**	28,922.3
Deferred tax assets		**1,120.0**	763.5
Other non-current assets		**25,344.7**	14,644.3
		417,924.0	353,120.2
Current assets			
Properties under development		**48,657.7**	34,145.5
Properties held for sale		**17,724.1**	23,130.0
Inventories		**685.1**	805.7
Debtors, prepayments, premium receivables and contract assets	8	**35,188.9**	25,722.0
Investments related to unit-linked contracts		**9,053.6**	-
Financial assets at fair value through profit or loss		**1,140.5**	818.5
Financial assets at fair value through other comprehensive income		**528.1**	-
Derivative financial instruments		**0.7**	6.5
Restricted bank balances		**144.4**	2.5
Cash and bank balances		**67,291.2**	63,729.1
		180,414.3	148,359.8
Non-current assets classified as assets held for sale	9	**1,857.6**	1,804.9
		182,271.9	150,164.7
Total assets		**600,195.9**	503,284.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**2020 HK$m**	2019 HK$m
EQUITY			
Share capital		**78,225.7**	77,875.3
Reserves		**134,797.6**	145,989.2
Shareholders' funds		**213,023.3**	223,864.5
Perpetual capital securities		**37,092.0**	21,505.5
Non-controlling interests		**29,629.8**	29,994.5
Total equity		**279,745.1**	275,364.5
LIABILITIES			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities		**134,787.9**	114,558.6
Lease liabilities		**5,759.4**	-
Insurance and investment contract liabilities		**14,454.8**	-
Liabilities related to unit-linked contracts		**168.2**	-
Deferred tax liabilities		**11,545.6**	10,371.1
Derivative financial instruments		**943.4**	542.4
Other non-current liabilities		**182.1**	1,191.7
		167,841.4	126,663.8
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	10	**54,101.2**	48,753.0
Current portion of long-term borrowings and other interest-bearing liabilities		**36,434.5**	25,921.2
Short-term borrowings		**20,166.6**	15,854.8
Lease liabilities		**1,227.9**	-
Insurance and investment contract liabilities		**20,445.3**	-
Liabilities related to unit-linked contracts		**9,053.6**	-
Derivative financial instruments		**104.8**	78.3
Current tax payable		**11,067.4**	10,640.9
		152,601.3	101,248.2
Liabilities directly associated with non-current assets classified as assets held for sale	9	**8.1**	8.4
		152,609.4	101,256.6
Total liabilities		**320,450.8**	227,920.4
Total equity and liabilities		**600,195.9**	503,284.9

Notes:

1. **Basis of preparation**

The consolidated financial statements for the year ended 30 June 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Adoption of new standard, amendments to standards and interpretation

The Group has adopted the following new standard, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2020:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
HKFRSs Amendments	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for the impact of adoption of Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and amendments to Hong Kong Accounting Standard 28 "Long-term Interests in Associates and Joint Ventures" ("Amendments to HKAS 28") disclosed in notes 1(b), 2(a) and 2(b), the adoption of other amendments to standards and interpretation does not have significant effect on the results and financial position of the Group.

(b) Adoption of HKFRS 16 and Amendments to HKAS 28

HKFRS 16 and Amendments to HKAS 28 as issued by the HKICPA are effective for the financial year beginning on or after 1 January 2019.

The Group has adopted HKFRS 16 and Amendments to HKAS 28 retrospectively from 1 July 2019, but has not restated comparatives for the year ended 30 June 2019 as permitted under the transitional provisions in the standards. The effects of the adoption of the new standard and amendments to existing standard are set out in note 2 below.

(c) Early adoption of amendments to standards

The Group has early adopted Amendment to HKFRS 16 "COVID-19 Related Rent Concessions" from 1 July 2019. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group has applied this practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions have been accounted for as negative variable lease payments and recognised in the consolidated income statement for the year ended 30 June 2020, with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity at 1 July 2019.

1. Basis of preparation (Continued)

(d) New standards and amendments to standards which are not yet effective

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 July 2020 or later periods but which the Group has not early adopted:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKFRS Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle

HKFRS 17 "Insurance Contracts" ("HKFRS 17")

HKFRS 17 will replace the current HKFRS 4, "Insurance Contracts". HKFRS 17 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, HKFRS 17 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. The Group is yet to undertake a detailed assessment of the new standard. The standard is mandatorily effective for financial periods beginning on or after 1 January 2021. International Accounting Standards Board has issued amendments to International Financial Reporting Standards 17 in June 2020 to defer the effective date to 1 January 2023, however, HKICPA has yet to adopt the amendments as of the date of this announcement.

The Group has already commenced an assessment of the impact of other new standards and amendments to standards, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

2. Changes in /adoption of accounting policies

As explained in note 1(b) above, the Group has adopted HKFRS 16 and Amendments to HKAS 28 from 1 July 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in the standards, comparative figures is not restated.

(a) Effects of adoption of HKFRS 16

On adoption of HKFRS 16 using modified retrospective approach on lease-by-lease basis, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases" ("HKAS 17"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The cumulative effect of initial application has been recognised as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Right-of-use assets at initial recognition is measured at either:
- the carrying amount of leases as if HKFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate as at 1 July 2019; or
- an amount equal to lease liabilities, adjusted by the prepaid or accrued lease payments relating to the lease immediately before 1 July 2019.

2. Changes in /adoption of accounting policies (Continued)

(a) Effects of adoption of HKFRS 16 (Continued)

As a result of adoption of HKFRS 16, the obligations under finance leases recognised and the operating lease commitments as disclosed at 30 June 2019, adjusted by the effect of discounting and changes in index or rates affecting variable payments, exclusion of short-term leases and low-value asset leases and assessment of extension and termination options and contracts being reassessed as service agreements are combined as lease liabilities of HK$6,452.6 million and recognised as at 1 July 2019. The amount of lease liabilities was split into current portion and non-current portion of HK$988.5 million and HK$5,464.1 million respectively. The weighted average lessee's incremental borrowing annual rates applied to the lease liabilities on 1 July 2019 were 3.79% for leases in Hong Kong and 5.06% for leases in Mainland China.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As permitted by the amendments to HKFRS 16, which has been early adopted during the year, the Group has also used the practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees accounts for qualifying rent concessions in the same way as they would if they were not lease modifications. This application of this practical expedient has no impact on the opening balance of consolidated statement of financial position as at 1 July 2019.

(b) Effects of adoption of Amendments to HKAS 28

The amendments clarify the accounting for long-term interests in an associated company or joint venture, which in substance form part of the net investment in the associated company or joint venture, but to which equity accounting is not applied. The Group is required to account for such interests under Hong Kong Financial Reporting Standard 9 "Financial Instrument" ("HKFRS 9") before applying the loss allocation and impairment requirements in HKAS 28.

On the adoption of Amendments to HKAS 28, the Group has recognised a loss allowance of HK$1,075.7 million as at 1 July 2019 against the non-current receivables from the joint ventures. The loss allowance is measured as either 12-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition of the non-current receivables.

2. Changes in /adoption of accounting policies (Continued)

The effect of the adoption of HKFRS 16 and Amendments to HKAS 28 on the Group's financial position is as follows:

	As at 30 June 2019 HK$m	Effects of the adoption of HKFRS 16 HK$m	Effects of the adoption of Amendments to HKAS 28 HK$m	As at 1 July 2019 HK$m
Consolidated statement of financial position (extract)				
Non-current assets				
Property, plant and equipment	31,024.1	(1,862.4)	-	29,161.7
Right-of-use assets	-	7,813.1	-	7,813.1
Land use rights	1,213.9	(1,213.9)	-	-
Interests in joint ventures	50,865.5	(10.8)	(1,075.7)	49,779.0
Interests in associated companies	25,331.9	(0.7)	-	25,331.2
Deferred tax assets	763.5	34.3	-	797.8
Other non-current assets	14,644.3	59.1	-	14,703.4
Current assets				
Debtors, prepayments, premium receivables and contract assets	25,722.0	116.6	-	25,838.6
Equity				
Reserves				
- Retained profits	136,730.0	(756.6)	(1,075.7)	134,897.7
Non-controlling interests	29,994.5	(278.8)	-	29,715.7
Non-current liabilities				
Lease liabilities	-	5,464.1	-	5,464.1
Deferred tax liabilities	10,371.1	13.9	-	10,385.0
Other non-current liabilities	1,191.7	(439.1)	-	752.6
Current liabilities				
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	(56.7)	-	48,696.3
Lease liabilities	-	988.5	-	988.5

(c) Adoption of accounting policies upon acquisition of insurance business

The Group completed its acquisition of the entire equity interest in FTLife Insurance Company Limited ("FTLife Insurance") on 1 November 2019 which resulted in adoption of the following accounting policies used in the preparation of the consolidated financial statements for the year ended 30 June 2020.

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing insurance coverage at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts on which the Group accepts financial risk but that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

2. Changes in /adoption of accounting policies (Continued)

(c) Adoption of accounting policies upon acquisition of insurance business (Continued)

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determined by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expense, inflation, policy dividend and fund growth rate that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the profit or loss or other comprehensive income for the year as appropriate. The liabilities on yearly renewable premium contracts are the liabilities for the unexpired risks carried at the end of the reporting period. The liability is derecognized when the contract expires, is discharged or is cancelled.

For insurance with pure risk coverage such as accident benefit, dread disease, medical insurance and disability insurance, the liabilities are the unearned gross premiums.

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statement of financial position.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the consolidated income statement for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) Value of business acquired (“VOBA”)

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of in-force contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortized over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) Deferred acquisition costs (“DAC”)

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group’s best estimate assumptions and actual persistency.

2. Changes in /adoption of accounting policies (Continued)

(c) Adoption of accounting policies upon acquisition of insurance business (Continued)

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of DAC and VOBA, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account the future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the consolidated income statement for the year.

(viii) Premiums

Premiums arising from insurance contracts in respect of traditional policies and group policies are recognised as income as and when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts held which related to direct insurance contracts are recognised in profit or loss over the insurance coverage to policyholders.

(ix) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

(x) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due.

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(xi) Commissions and bonuses

Commissions and bonuses payable to agents for the first policy year are included as a component of DAC.

Commissions from reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(xii) Premiums receivables

Premiums receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premiums receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xiii) Adoption of overlay approach in accordance with HKFRS 4 (Amendment)

The Group elected to apply an “overlay approach” in accordance with HKFRS 4 (Amendments) “Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts” which allows the Group to reclassify fair value gain or loss from profit or loss to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at fair value through profit or loss under HKFRS 9.

3. Revenues and segment information

Revenues recognised during the year are as follows:

	2020 HK$m	2019 HK$m
Revenues		
Property sales	**19,207.5**	38,511.5
Property investment	**4,349.5**	3,669.4
Roads	**2,070.5**	2,529.0
Aviation	**-**	161.6
Construction	**16,691.0**	17,368.0
Insurance	**6,180.0**	-
Hotel operations	**1,212.2**	1,490.9
Others	**9,297.1**	13,033.2
Total	**59,007.8**	76,763.6

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the afore-mentioned internal reporting and are reviewed regularly.

During the financial year ended 30 June 2020, following the completion of acquisition of FTLife Insurance (as detailed in note 11(a) and to better reflect the nature of the income streams and group strategies, the Group reclassified its reporting segments. The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, transport, environment, logistic, department store, media and technology and other strategic businesses) segments. The comparative segment information for the year ended 30 June 2019 has been restated to conform with the current year presentation accordingly.

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effect of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

3. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2020									
Total revenues	19,208.7	4,521.9	2,070.5	-	24,832.2	6,180.0	1,212.2	9,453.4	67,478.9
Inter-segment	(1.2)	(172.4)	-	-	(8,141.2)	-	-	(156.3)	(8,471.1)
Revenues-external	19,207.5	4,349.5	2,070.5	-	16,691.0	6,180.0	1,212.2	9,297.1	59,007.8
Revenues from contracts with customers:									
- Recognised at a point in time	18,089.4	-	2,070.5	-	-	-	565.7	6,615.7	27,341.3
- Recognised over time	1,118.1	-	-	-	16,691.0	412.8	646.5	2,681.4	21,549.8
	19,207.5	-	2,070.5	-	16,691.0	412.8	1,212.2	9,297.1	48,891.1
Revenues from other source:									
- Rental income	-	4,349.5	-	-	-	-	-	-	4,349.5
- Insurance revenue	-	-	-	-	-	5,767.2	-	-	5,767.2
	-	4,349.5	-	-	-	5,767.2	-	-	10,116.7
	19,207.5	4,349.5	2,070.5	-	16,691.0	6,180.0	1,212.2	9,297.1	59,007.8
Segment results (Note a)	10,504.2	2,175.1	811.1	(24.2)	674.7	819.2	(907.6)	(1,995.0)	12,057.5
Other gains/(losses), net (Notes b, c)	1,218.1	(111.1)	(27.2)	-	(8.8)	48.0	-	(774.5)	344.5
Changes in fair value of investment properties	-	1,676.1	-	-	-	-	-	(22.9)	1,653.2
Unallocated items									
Corporate expenses									(1,222.4)
Financing income (Note a)									1,949.7
Financing costs (Note a)									(4,758.0)
									10,024.5
Share of results of									
Joint ventures (Note d)	482.8	(117.7)	276.1	316.5	-	-	(384.4)	434.0	1,007.3
Associated companies (Note e)	14.8	(329.0)	97.5	-	308.9	-	-	(329.6)	(237.4)
Profit before taxation									10,794.4
Taxation									(7,528.0)
Profit for the year									3,266.4
Segment assets	131,858.2	178,379.4	14,991.4	6,332.7	14,283.0	54,973.2	19,289.0	36,167.9	456,274.8
Interests in joint ventures	14,038.3	10,201.4	3,984.3	978.1	-	-	4,789.7	9,021.5	43,013.3
Interests in associated companies	5,471.3	1,791.1	2,530.9	-	2,009.4	-	-	9,341.0	21,143.7
Unallocated assets									79,764.1
Total assets									600,195.9
Segment liabilities	31,389.9	3,150.5	765.4	-	10,755.6	37,948.4	728.0	11,441.0	96,178.8
Unallocated liabilities									224,272.0
Total liabilities									320,450.8
Additions to non-current assets (Note g)	19,763.9	4,511.6	5,387.6	-	2,264.3	3,446.4	1,586.0	783.6	37,743.4
Depreciation and amortisation	104.4	45.2	756.4	-	94.1	316.5	519.7	1,859.0	3,695.3
Impairment charge and provision	16.8	26.0	-	-	7.0	42.9	-	1,627.8	1,720.5

3. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2019									
Total revenues	38,511.5	3,851.0	2,529.0	161.6	25,774.4	-	1,490.9	13,256.3	85,574.7
Inter-segment	-	(181.6)	-	-	(8,406.4)	-	-	(223.1)	(8,811.1)
Revenues-external	38,511.5	3,669.4	2,529.0	161.6	17,368.0	-	1,490.9	13,033.2	76,763.6
Revenues from contracts with customers:									
- Recognised at a point in time	38,252.1	-	2,529.0	161.6	-	-	576.5	10,497.0	52,016.2
- Recognised over time	259.4	-	-	-	17,368.0	-	914.4	2,536.2	21,078.0
	38,511.5	-	2,529.0	161.6	17,368.0	-	1,490.9	13,033.2	73,094.2
Revenues from other source:									
- Rental income	-	3,669.4	-	-	-	-	-	-	3,669.4
- Insurance revenue	-	-	-	-	-	-	-	-	-
	-	3,669.4	-	-	-	-	-	-	3,669.4
	38,511.5	3,669.4	2,529.0	161.6	17,368.0	-	1,490.9	13,033.2	76,763.6
Segment results	13,438.2	1,617.6	1,199.5	47.4	736.2	-	(261.3)	(995.5)	15,782.1
Other gains/(losses), net	156.2	43.9	27.6	2.6	(0.7)	-	(9.9)	119.1	338.8
Changes in fair value of and gain on transfer to investment properties (Note f)	-	10,272.0	-	-	0.8	-	-	32.9	10,305.7
Unallocated items									
Corporate expenses									(1,224.5)
Financing income									1,716.2
Financing costs									(2,472.5)
									24,445.8
Share of results of									
Joint ventures	1,603.0	326.2	700.3	433.2	1.7	-	11.8	594.1	3,670.3
Associated companies	(4.1)	199.1	186.9	-	348.5	-	-	282.4	1,012.8
Profit before taxation									29,128.9
Taxation									(7,489.8)
Profit for the year									21,639.1
Segment assets	104,877.6	178,943.2	10,204.8	6,592.0	7,926.7	3,120.0	18,225.0	32,565.8	362,455.1
Interests in joint ventures	18,456.5	10,465.0	4,829.4	1,612.9	0.1	-	5,200.9	10,300.7	50,865.5
Interests in associated companies	6,200.5	4,581.6	2,573.1	-	2,029.0	-	-	9,947.7	25,331.9
Unallocated assets									64,632.4
Total assets									503,284.9
Segment liabilities	29,567.2	2,411.4	475.1	-	8,877.8	-	438.4	8,183.2	49,953.1
Unallocated liabilities									177,967.3
Total liabilities									227,920.4
Additions to non-current assets (Note g)	11,490.6	10,859.1	34.0	-	31.9	3,120.0	848.5	769.3	27,153.4
Depreciation and amortisation	53.6	55.3	888.0	-	49.7	-	347.3	1,060.2	2,454.1
Impairment charge and provision	293.3	2.9	-	-	-	-	8.8	457.7	762.7

3. Revenues and segment information (Continued)

	Revenues HK$m	Non-current assets (Note g) HK$m
2020		
Hong Kong	**36,575.8**	**169,232.5**
Mainland China	**21,980.2**	**110,854.9**
Others	**451.8**	**1,355.7**
	59,007.8	**281,443.1**
2019		
Hong Kong	50,708.9	159,669.2
Mainland China	24,908.3	89,955.5
Others	1,146.4	1,419.8
	76,763.6	251,044.5

Notes :

(a) For the year ended 30 June 2020, segment results of insurance segment included overlay approach adjustments on financial assets of HK$208.2 million, insurance related financing income of HK$877.3 million and financing costs of $79.9 million.

(b) For the year ended 30 June 2020, property development segment included one-off gain on remeasuring previously held equity interest of a joint venture at fair value upon further acquisition as a subsidiary of HK$925.8 million.

(c) For the year ended 30 June 2020, others segment included impairment loss on property, plant and equipment and goodwill in relation to transport business of HK$375.0 million and HK$386.9 million respectively.

(d) For the year ended 30 June 2020, the share of results of joint ventures within aviation segment included the Group's share of impairment loss/loss allowance of HK$107.7 million in relation to Goshawk Aviation Limited's assets impairment and provision for expected credit loss on receivables.

(e) For the year ended 30 June 2020, the share of results of associated companies within others segment included an impairment loss of HK$330.0 million in relation to the Group's interest in Tharisa plc, a listed associated company.

(f) For the year ended 30 June 2019, properties held for sale had been transferred to investment properties at fair value and the related changes have been included in the changes in fair value of and gain on transfer to investment properties amounted to HK$1,916.3 million.

(g) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets, value of business acquired, deferred acquisition costs and long-term loans and receivables, long-term prepayments and deposits and policy loans within other non-current assets.

4. Operating profit

Operating profit of the Group is arrived at after crediting/(charging) the following:

	Note	**2020 HK$m**	2019 HK$m
Gain on remeasuring of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary		**925.8**	-
Insurance agency commission and allowances, net of change in deferred acquisition costs	2(c) (vi), (xi)	**(640.0)**	-
Gain associated with investments related to unit-linked contracts		**122.2**	-
Charges related to unit-linked contracts		**(133.9)**	-
Net (loss)/gain on fair value of financial assets at fair value through profit or loss		**(139.1)**	219.7
Net gain on fair value of derivative financial instruments		**444.5**	20.0
Write back the loss allowance on loans and other receivables		**57.5**	240.0
Net gain/(loss) on disposal of			
Debt instruments as financial assets at fair value through other comprehensive income		**306.6**	-
Financial assets at fair value through profit or loss		**78.8**	103.5
Investment properties, property, plant and equipment, right-of-use assets and intangible concession rights		**82.0**	35.6
Subsidiaries		**357.4**	549.2
Joint ventures		**(35.2)**	0.6
Associated companies		**(110.0)**	49.0
Impairment loss/loss allowance on			
Loans, debtors, premium receivables and other receivables		**(131.3)**	(344.1)
Financial assets at fair value through other comprehensive income		**(32.2)**	-
Interests in associated companies		**(334.8)**	-
Goodwill		**(775.9)**	(165.0)
Inventories		**(47.1)**	-
Properties under development		-	(237.6)
Property, plant and equipment		**(386.9)**	(16.0)
Right-of-use assets		**(12.3)**	-
Provision for onerous contract		**(230.0)**	-
Rent concession, government grants and subsidies		**368.7**	-
Loss on lease modification of lease receivables		**(34.1)**	-
Cost of inventories sold		**(10,458.1)**	(25,914.4)
Cost of services rendered		**(22,151.2)**	(24,094.1)
Claims and benefits, net of reinsurance	2(c) (ii), (x)	**(5,084.1)**	-
Depreciation and amortisation		**(3,695.3)**	(2,454.1)
Net exchange gains/(losses)		**3.8**	(116.1)

5. Taxation

	2020 **HK$m**	2019 HK$m
Current taxation		
Hong Kong profits tax	**1,307.8**	1,798.5
Mainland China and overseas taxation	**3,120.8**	2,057.7
Mainland China land appreciation tax	**4,800.6**	3,703.4
Deferred taxation	**(1,701.2)**	(69.8)
	7,528.0	7,489.8

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year.

The assessable profits of the Group's insurance business are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance ("IRO"). Profits tax for the long-term insurance business, as defined by IRO, is computed at a rate of 16.5% of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2019: 12% to 25%).

Withholding tax on dividends is mainly provided at the rate of 5 % or 10 % (2019: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2019: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$422.1 million and HK$156.1 million (2019: HK$954.8 million and HK$178.3 million) respectively.

6. Dividend

	2020 **HK$m**	2019 HK$m
Interim dividend of HK$0.14 per share (before share consolidation) / HK$0.56 per share (after consolidation) (2019: HK$0.14 (before share consolidation) / HK$0.56 (after share consolidation) per share)	**1,431.3**	1,430.1
Final dividend proposed of HK$ 1.48 per share (2019: paid of HK$0.37 (before share consolidation) / HK$1.48 (after share consolidation) per share)	**3,772.7**	3,783.6
	5,204.0	5,213.7

At a meeting held on 30 September 2020, the Directors recommended a final dividend of HK$1.48 per share. This proposed dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2021.

7. Earnings per share

The calculation of basic and diluted earnings per share for the year is based on the following:

	2020 HK$m	2019 HK$m
Profit attributable to shareholders of the Company for calculating basic earnings per share	**1,096.2**	18,160.1
Adjustment on the effect of dilution in the results of subsidiaries (Note)	-	(5.7)
Profit attributable to shareholders of the Company for calculating diluted earnings per share	**1,096.2**	18,154.4

	Number of shares (million)	
	2020	2019 (Adjusted)
Weighted average number of shares for calculating basic earnings per share	**2,554.9**	2,553.0
Effect of dilutive potential ordinary shares upon the exercise of share options (Note)	-	2.1
Weighted average number of shares for calculating diluted earnings per share	**2,554.9**	2,555.1

Note :

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (2019: Same).

On 23 June 2020, every four issued shares of the Company were consolidated into one share of the Company (each a "Consolidated Share") and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the "Share Consolidation").

Comparative figures of the weighted average number of shares for calculating basic earnings per share and diluted earnings per share have been adjusted on the assumption that the Share Consolidation have been effective in the prior year.

8. Trade debtors

Aging analysis of trade debtors based on invoice date is as follows:

	2020 HK$m	2019 HK$m
Less than 30 days	**2,229.7**	2,293.5
31 to 60 days	**252.9**	103.9
Over 60 days	**619.5**	552.4
	3,102.1	2,949.8

The Group has different credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate.

9. Non-current assets classified as assets held for sale/ liabilities directly associated with non-current assets classified as assets held for sale

Non-current assets classified as assets held for sale

	2020	2019
	HK$m	HK$m
Properties for/under development and other assets classified as held for sale	**1,745.4**	1,804.9
Interests in associated companies	**112.2**	-
	1,857.6	1,804.9

Liabilities directly associated with non-current assets classified as assets held for sale

	2020	2019
	HK$m	HK$m
Liabilities classified as held for sale	**8.1**	8.4

10. Trade creditors

Aging analysis of trade creditors based on invoice date is as follows:

	2020	2019
	HK$m	HK$m
Less than 30 days	**6,079.1**	6,331.8
31 to 60 days	**201.1**	403.5
Over 60 days	**4,317.6**	4,392.1
	10,597.8	11,127.4

11. Business combination

(a) In December 2018, Earning Star Limited, an indirect wholly-owned subsidiary of NWS Holdings Limited ("NWSH"), entered into a share purchase agreement to acquire the entire issued share capital of FTLife Insurance at a total consideration of HK$21,812 million (after adjustments) of which deposits in an aggregate amount of HK$3,120.0 million were paid during the financial year ended 30 June 2019. FTLife Insurance is a life insurance company operating in Hong Kong providing a broad range of protection and savings-related life and medical insurance products. This acquisition was completed on 1 November 2019 and FTLife Insurance became an indirect wholly-owned subsidiary of NWSH since then.

The fair value of assets acquired and liabilities assumed based on provisional assessment and the resulting goodwill at the date of acquisition are as follows:

	HK$m
Consideration (after adjustments)	
Cash	**18,692.2**
Deposits paid in prior year for acquisition of FTLife Insurance	**3,120.0**
	21,812.2

	Provisional fair value HK$m
Property, plant and equipment	**110.8**
Intangible assets	**90.5**
Value of business acquired	**5,825.0**
Right-of-use assets	**557.5**
Financial assets at fair value through other comprehensive income	**33,569.5**
Financial assets at fair value through profit or loss	**2,803.6**
Derivatives financial instruments (net)	**1,512.3**
Other non-current assets	**724.3**
Debtors, prepayments, premium receivables and contract assets	**1,125.9**
Investments related to unit-linked contracts	**9,168.3**
Cash and bank balances and restricted bank balances	**8,586.8**
Borrowings and other interest-bearing liabilities	**(3,548.8)**
Deferred tax liabilities	**(299.0)**
Insurance and investment contract liabilities	**(31,543.4)**
Liabilities related to unit-linked contracts	**(9,330.8)**
Lease liabilities	**(559.8)**
Other non-current liabilities	**(64.5)**
Creditors, accrued charges, payables to policyholders and contract liabilities	**(2,411.4)**
Tax payable	**(80.9)**
Identifiable assets acquired and liabilities assumed	**16,235.9**
Provisional goodwill on acquisition	**5,576.3**
	21,812.2

	HK$m
Purchase consideration settled in cash during the year	**18,692.2**
Less: cash and cash equivalents of the subsidiaries acquired	
Cash and bank balances	**(8,576.8)**
Cash and bank balances attributable to investments related to unit-linked contracts	**(17.7)**
Net cash outflow on acquisition during the year	**10,097.7**

A provisional goodwill of HK$5,576.3 million arising from the acquisition is attributable mainly to the benefit of talents and experience of the management and workforce of the acquired insurance business and integration of the Group's existing premium products and services into the attractive insurance sector.

The measurement of goodwill, identifiable assets acquired and liabilities assumed at the acquisition date will be subject to finalisation within one year from the acquisition date in accordance with Hong Kong Financial Reporting Standard 3 "Business Combination" ("HKFRS 3"). Any adjustment to the provisional amount, if necessary, will be reflected in the upcoming interim condensed consolidated financial statements of the Group.

11. **Business combination (Continued)**

(b) In July 2019, the Group completed the acquisition of 51% equity interest in a 49%-owned joint venture, Silvery Yield Development Limited ("Silvery Yield"), for a consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million). As a result, Silvery Yield became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the assets acquired and liabilities assumed at the acquisition date are as follows:

	HK$m
Cash consideration paid	**4,556.8**
Fair value of equity interest held in Silvery Yield before the business combination	**4,148.9**
	8,705.7

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$m
Property, plant and equipment	**0.5**
Properties for development	**1,087.1**
Properties under development	**11,867.4**
Debtors, prepayments, premium receivables and contract assets	**1,248.3**
Cash and bank balances and restricted bank balances	**4,304.1**
Creditors, accrued charges, payables to policyholders and contract liabilities	**(5,874.2)**
Borrowings and other interest-bearing liabilities	**(1,664.1)**
Current tax payable	**(0.3)**
Deferred tax liabilities	**(2,501.7)**
Identifiable assets acquired and liabilities assumed	**8,467.1**
Goodwill on acquisition	**238.6**
	8,705.7

	HK$m
Purchase consideration settled in cash during the year	**4,556.8**
Less: cash and cash equivalents of the subsidiaries acquired	**(4,304.1)**
Net cash outflow on acquisition during the year	**252.7**

A goodwill of HK$238.6 million arising from the acquisition is attributable to the expected synergies, revenue growth and future market development in property development. For the purpose of the business combination, the Group recognised a gain of HK$925.8 million as a result of remeasuring at fair value of its equity interest held in Silvery Yield before the business combination.

12. **Pledge of assets**

As at 30 June 2020, assets with an aggregate amount of HK$56,524.0 million (2019: HK$51,612.4 million) were pledged as securities for certain banking facilities of the Group.

13. **Contingent liabilities**

The Group's financial guarantee contracts as at 30 June 2020 amounted to HK$11,456.2 million (2019: HK$12,383.8 million).

14. **Event subsequent to year end**

In August 2020, NWSH entered into a sale and purchase agreement with Bravo Transport Holdings Limited (a company in which Templewater Bravo Holdings Limited, Hans Energy Company Limited and Ascendal Group Limited hold approximately 90.8%, 8.6% and 0.6% shareholding interest respectively) to dispose of the entire issued share capital of NWS Transport Services Limited (an indirect wholly owned subsidiary of NWSH) at a consideration of HK$3,200 million (subject to instalment arrangements). The transaction is yet to complete up to the date of this announcement. Upon completion of the disposal, it is anticipated that no further material disposal gain or loss will be recognised by the Group for the year ending 30 June 2021.

SHARE CONSOLIDATION

On 23 June 2020, (i) every four issued shares of the Company were consolidated into one share of the Company (each a "Consolidated Share") and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the "Share Consolidation"); and (ii) no shareholders of the Company were allocated with any fractional Consolidated Shares which they would otherwise be entitled to receive and were disregarded as aforesaid, but instead each registered shareholder of the Company concerned was paid a sum equivalent to the closing price per Consolidated Share on the Stock Exchange on 23 June 2020, being the effective date of the Share Consolidation, multiplied by a fraction same as the fraction of the Consolidated Share to which such shareholder of the Company would otherwise be entitled; and (iii) all of the Consolidated Shares shall rank pari passu in all respects with each other.

As at 30 June 2020, the total number of shares of the Company in issue was 2,549,116,921.

DIVIDENDS

The Directors have resolved to recommend a final cash dividend for the year ended 30 June 2020 of HK$1.48 per share (2019: HK$0.37 (before Share Consolidation) / HK$1.48 (after Share Consolidation) per share) to shareholders whose names appear on the register of members of the Company on 1 December 2020. Together with the interim dividend of HK$0.14 (before Share Consolidation) / HK$0.56 (after Share Consolidation) per share (2019: HK$0.14 (before Share Consolidation) / HK$0.56 (after Share Consolidation) per share), the total dividend for the financial year ended 30 June 2020 is HK$2.04 per share (2019: HK$0.51 (before Share Consolidation) / HK$2.04 (after Share Consolidation) per share).

Subject to the passing of the relevant resolutions at the annual general meeting of the Company to be held on 26 November 2020, it is expected that the proposed final dividend will be distributed to shareholders on or about 21 December 2020.

BOOK CLOSE DATES FOR 2020 AGM

Book close dates (both days inclusive)	:	19 November 2020 to 26 November 2020
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Wednesday, 18 November 2020
Address of Share Registrar	:	Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Tuesday, 1 December 2020
Address of Share Registrar	:	Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 72,089,000 shares (before Share Consolidation) of the Company on the Stock Exchange at an aggregate consideration of HK$612,671,700 (before expenses). All such bought back shares were subsequently cancelled during the year.

Details of the shares bought back during the year are as follows:

Month	Number of shares bought back (before Share Consolidation)	Price paid per share		Aggregate consideration (before expenses)
		Highest	Lowest	
		HK$	HK$	HK$
December 2019	4,000,000	10.42	10.16	41,125,380
March 2020	42,767,000	9.50	7.46	354,893,490
April 2020	25,322,000	9.10	8.22	216,652,830
	72,089,000			612,671,700

The above share buy-backs were made with a view to enhancing the earnings per share of the Company and thus benefit the shareholders as a whole.

New World China Land Limited redeemed the USD575,359,000 (equivalent to approximately HK$4,487,800,200) 5.375% notes due 2019 (stock code: 5824) at principal amount upon maturity on 6 November 2019.

Fita International Limited redeemed the USD750,000,000 (equivalent to approximately HK$5,850,000,000) 7.000% notes due 2020 (stock code: 4315) at principal amount upon maturity on 10 February 2020.

During the year, the Company has not redeemed any of its listed securities. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2020, around 44,000 staff was employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems. The Audit Committee has reviewed the framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 June 2020.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2020 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this results announcement.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2020, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provisions A.6.4 and E.1.2.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. Under code provision A.6.4, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules for its relevant employees in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary because of the huge size of employees of the Group which is around 44,000 and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees who deal in the securities of the Company, which can be avoided under the Company's own guidelines.

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Dr. Cheng Kar-Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 19 November 2019 (the "AGM") due to his other engagement. Dr. Cheng Chi-Kong, Adrian, Executive Vice-chairman & General Manager (the Executive Vice-chairman & Chief Executive Officer effective from 1 May 2020) of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

REQUIREMENT IN CONNECTION WITH PUBLICATION OF "NON-STATUTORY ACCOUNTS" UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE CAP. 622

The financial information relating to the years ended 30 June 2020 and 30 June 2019 included in this preliminary announcement of annual results of 2019/2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 30 June 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 30 June 2020 in due course.

The Company's auditor had reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 30 September 2020

As at the date of this announcement, (a) the Executive Directors of the Company are Dr. CHENG Kar-Shun, Henry, Dr. CHENG Chi-Kong, Adrian, Mr. CHENG Chi-Heng, Ms. CHENG Chi-Man, Sonia, Mr. SITT Nam-Hoi, Ms. HUANG Shaomei, Echo and Ms. CHIU Wai-Han, Jenny ; (b) the Non-executive Directors of the Company are Mr. DOO Wai-Hoi, William, Mr. CHENG Kar-Shing, Peter and Ms. KI Man-Fung, Leonie; and (c) the Independent Non-executive Directors of the Company are Mr. YEUNG Ping-Leung, Howard, Mr. CHA Mou-Sing, Payson (alternate director to Mr. CHA Mou-Sing, Payson: Mr. CHA Mou-Zing, Victor), Mr. HO Hau-Hay, Hamilton, Mr. LEE Luen-Wai, John, Mr. LIANG Cheung-Biu, Thomas and Mr. IP Yuk-Keung, Albert.